

Fund Summary

OnePath Diversified Bond Index Trust

OneAnswer Frontier Investment Portfolio

30 June 2024

Fund details

Investment manager	OnePath Funds Management Limited
Fund code	MMF1571AU
Asset type	Bonds - Global / Australia
Region	Global
Fund size	\$18.35 million as at 30 Jun 2024
Commencement date	15 Nov 2010
Distributions	Quarterly

Investment objective

The fund seeks to track the return of a tailored diversified index representing a 30% allocation to the Bloomberg AusBond Composite 0+ Yr Index and a 70% allocation to the Bloomberg Barclays Global Aggregate Index (hedged to Australian dollars), before taking into account fees, expenses and tax.

Investment strategy

The fund invests in Australian and international bonds by holding units in a range of underlying fund's and/or direct assets. The fund seeks to reduce credit risk in the portfolio by selecting only bonds with a sufficiently high credit rating and by diversifying the fund's holding across issuers. Futures may be used to gain market exposure without investing directly in fixed interest securities.

Minimum time horizon

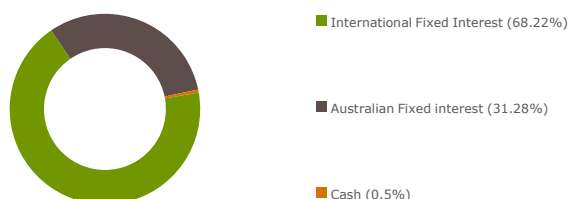
3 years

Standard Risk Measure*

The Standard Risk Measure (SRM) is based on industry guidance to allow investors to compare funds that are expected to deliver a similar number of negative annual returns over any 20 year period. The SRM for this fund is shown below:



Asset allocation



* For further information on Standard Risk Measures and the calculation methodology used, go to onepath.com.au/personal/performance/product-updates.aspx

† Returns quoted use the unit price which is calculated using the net asset values for the relevant month end. The prices shown may differ from the actual unit price if an investor is applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction on an investor's investment. Please note that all returns are after the deduction of management fees and expenses and assumes all distributions are re-invested. Where applicable, management fees have been deducted at the highest entry fee option rate. No allowance has been made for entry or exit fees.

‡ Benchmark (MorningstarAus BBG AuBd Cmp/BCGA TR HAUD) returns should be used for indicative purposes only. These returns may not be a true indication of this Fund's performance against its investment objective.

Fund performance

As at 30 Jun 2024

	1 mth	3 mth	1 yr	3 yr	5 yr	7 yr	10 yr
	%	%	%	% pa	% pa	% pa	% pa
Total Return †	0.69	-0.48	2.82	-2.72	-1.02	0.50	1.58
Benchmark ‡	0.78	-0.50	3.18	-2.39	-0.63	1.06	2.13
Excess Return	-0.09	0.02	-0.36	-0.33	-0.39	-0.56	-0.55
Distribution	0.00	0.00	0.20	0.30	4.00	3.16	4.00
Growth	0.69	-0.48	2.62	-3.02	-5.02	-2.66	-2.42

Calendar year

returns	YTD	2024	2023	2022	2021
Total Return †	-0.42	5.10	-11.60	-2.49	4.32
Benchmark ‡	-0.15	5.19	-10.99	-2.18	4.79
Excess Return	-0.27	-0.09	-0.61	-0.31	-0.47

Top 10 holdings

Security	% of fund
Australia (Commonwealth Of)	14.97%
United States Of America	14.67%
China Peoples Republic Of (Government)	7.88%
Japan (Government Of)	7.29%
France (Republic Of)	2.77%
Victoria (State Of)	2.68%
New South Wales (State Of)	2.67%
Germany (Federal Republic Of)	2.37%
United Kingdom Of Great Britain And Northern Ireland (G	2.34%
Italy (Republic Of)	2.20%
Total Top 10	59.84%

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Market and portfolio review

While June was broadly positive for fixed income, returns were muted as markets gave back some earlier gains as credit spreads widened while risk free rates sold off into month end. Bond markets remain highly focused on economic data releases providing better guidance on the path of interest rates in coming months. June also saw a resurgence in political risks with President Macron calling a snap election in France, the UK approaching polling day in its general election, and in the US, the first televised debate between Biden and Trump ahead of the presidential election later in the year. Although yields across fixed income broadly remained within the recent trading range in June, heightened political risks reminded fixed income investors that they cannot afford to be complacent with their bond market allocation. Credit spreads widened during the month but remain tight relative to historic averages. However, it was eurozone government bonds that were in the spotlight, initially due to the ECB cutting rates early in the month, but then following the surprise announcement of a snap election in France. This caused the spread on French government debt over Germany to widen sharply and put pressure on peripheral eurozone government bonds. While this has presented an opportunity to switch from core to peripheral eurozone government debt, plenty of political uncertainty remains that could impact bond markets. Therefore, with core government bond yields at the higher end of the trading range and credit spreads still at relatively tight levels based on current valuations, interest rate risk continues to appear favorable relative to credit risk.

Future investment strategy

Within fixed income, credit spreads are tight and yield curves are inverted. Near term, we favor exploiting the range trade in rates. Technicals are quite positive and in the medium term we believe current bond yields offer opportunity. High yields and near-zero duration make loans and private credit attractive in a "higher for longer" environment. Inflation is likely to continue a bumpy path downward through the end of the year, with the Consumer Price Index expected to end the year lower but still well above the Federal Reserve's (Fed) 2% target. The stabilization of inflation at above-target rates should likely limit the degree and pace of monetary policy loosening, in our view. We anticipate two rate cuts this year, likely beginning in the third quarter. The timing of rate cuts is unlikely to be influenced by the US election in November. Divergence has re-emerged as a theme, with individual economies likely to see various growth and inflation experiences going forward.

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This information is current as at 30 Jun 2024 with the commentary current for the most recent quarter end (eg. March, June, Sept or Dec) however in some cases may be applicable for the preceding month or quarter end. Updated information will be available free of charge by contact Client Services on 133 665. The information is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances and objectives. Past performance is not indicative of future performance. The future value of investments may rise and fall with changes in the market. You should read the relevant PDS available at onepath.com.au and consider whether that particular product is right for you before making a decision to acquire or continue to hold the product.